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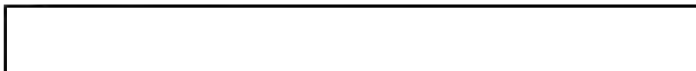
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[South Vietnam: Ground fighting was relatively light on 10-11 June except for one clash in the delta.

Minor skirmishes with enemy troops continue to be reported on the outskirts of Saigon. These involve largely Viet Cong local and main force units charged with keeping up pressure by mortar and rocket fire and successive ground probes. These troops are being supported by an outer ring of units from the three major Communist divisions in the area, the 5th, 7th, and 9th. They are conducting harassing attacks against outlying allied bases in order to cover the flow of munitions, food, and replacements to the Viet Cong units near the city.

* * * *

The persistent Communist shelling of Saigon is beginning to provoke demands by local politicians for retaliation against Hanoi.

In its session on 11 June, the assembly's upper house approved a petition calling on the government to take all steps to prevent further attacks, including a warning to North Vietnam. The debate brought demands for "a bomb on Hanoi for every bomb on Saigon" and for immediate US termination of the Paris talks. In addition, one deputy revived charges of ineffectiveness against South Vietnam's Defense Ministry and called for the resignation of appropriate officials.

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The Liberation Front has echoed Hanoi's propaganda theme of Vietnamese nationalism. The line appears designed to provide a justification for the presence of North Vietnamese Army units in South Vietnam without actually admitting their presence.]

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[A Liberation Front statement of 10 June, resurrectoring a dormant line on foreign volunteers, declares that the Front has "the right to receive assistance in all aspects from kith and kin northern compatriots." In March 1965 the Front insisted it had the right to call on the "armies of North Vietnam and other friendly countries" in response to any buildup of US troops in South Vietnam. Other Communist capitals including Hanoi answered that they were ready whenever the Front called. The Front never publicly issued the call. The Communists now, however, find it useful to recall it as a long-standing position, which could be used eventually to justify intervention.

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France: The danger of serious disorder is increasing.

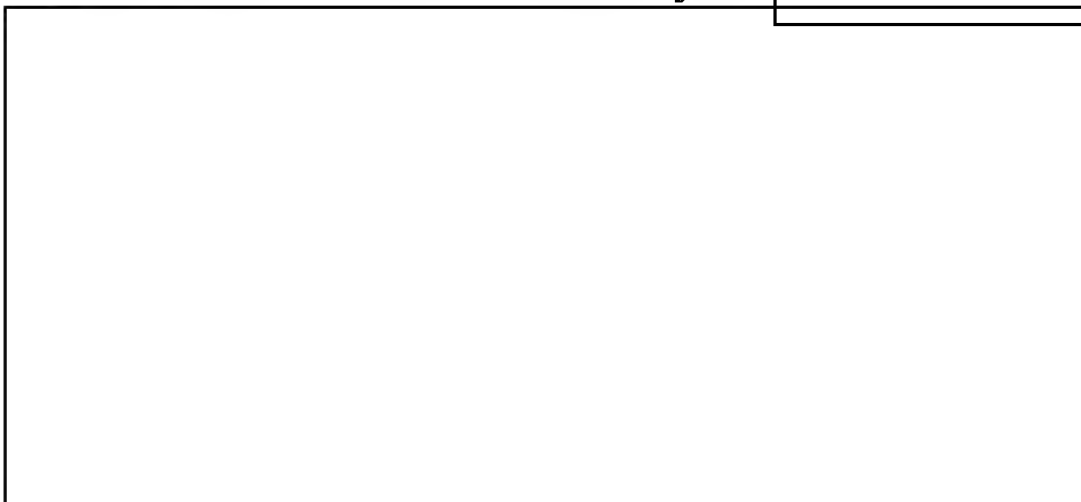
The government is under heavy fire from students and workers, who hold it responsible for deaths caused by the heavy-handed use of police in clearing strikebound plants. All of the unions are demanding that police withdraw immediately from areas where workers are still on strike.

[A student demonstration called to protest the police action erupted into violence early this morning. This is the second clash between police and students in the last two days, and the resulting tension increases the potential for violent outbreaks during the student-worker demonstration planned for tonight.]

An amnesty of those convicted of political crimes connected with the Algerian crisis may heighten tension between the left and the right.

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The government fears violent encounters between far left and far right forces during and after the electoral period. An amnesty benefiting the far right would increase the chances for confrontations between the extremes.

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USSR-Czechoslovakia: Moscow has formally protested an article in the Czechoslovak press and implicitly demanded reinstitution of press censorship.

The protest note, delivered on 10 June and publicized by Pravda the same day, condemned a Czechoslovak Catholic newspaper for reprinting a New York Times article alleging that Soviet officials in Czechoslovakia helped make General Sejna's escape possible. The article claimed that the Soviets had approved the issuance of passports to Sejna which he subsequently used in his flight.

According to TASS, the note charged that the report was reprinted with the "one aim" of worsening Soviet-Czechoslovak relations. The note expressed the "conviction" that the "appropriate Czechoslovak organs" will take "the necessary measures to protect friendly relations" by preventing the appearance of "similar reports."

The Soviet decision to raise this issue to the level of formal intergovernmental relations is certain to disturb the fragile understanding which was one result of Kosygin's visit last month. Although the Dubcek regime has had some success in toning down the press, Moscow is apparently dissatisfied with Prague's determination, dramatized by the cabinet's decision to abolish administrative censorship last week, to use only informal controls. The timing of the protest and the publicity suggest Moscow may attempt to exploit Prague's need for a loan as a means of securing a retreat on this issue. A Czechoslovak economic delegation is in Moscow now on loan negotiations.

The Soviet protest places Dubcek in a difficult position. For domestic political reasons, he must avoid appearing subservient to Moscow, particularly

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on the sensitive issue of press freedom. Prague eventually may deliver a conciliatory but delayed reply to the Soviet note, as it did in the case of an earlier Polish protest. Nevertheless, Dubcek can hardly reverse himself on an issue on which he is so firmly committed.

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[East Germany - West Germany: East Germany has adopted sweeping legislation designed further to underscore a separate identity vis-a-vis West Germany and at the same time place West Berlin in the category of a third political entity.

The new regulations were invoked at midnight. West Germans and West Berliners will need visas to transit or visit East Germany. West Berliners will continue to be treated differently than West Germans, reportedly needing to procure only an "annex" to their identity cards. Such treatment emphasizes East Germany's insistence that West Berlin is not a part of the Federal Republic.

The new regulations probably are not aimed primarily at curtailing inter-German travel, but seem intended as much to enhance "legal" East German control over such traffic. It unilaterally implies a change in the status of the two areas of Germany; one treating the other like a foreign state. Should the East Germans succeed, their claims to sovereignty would be advanced, West Germany's claim to represent all Germans would be shattered, and the Allied position in Berlin would be weakened in proportion to the degree of authority assumed by the East Germans.

The visa requirement was to be accompanied by new regulations governing freight traffic between West Germany and West Berlin and a new highway tax system, as well.

The latest East German threat caps a series of travel bans on certain categories of West German citizens that began earlier this year. In March East Germany banned all travel between West Germany and West Berlin by members of the right-radical National Democratic Party (NPD), and followed this]

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[in April with a ban on high-level Bonn officials. The NPD ban has been enforced continuously since March, but the ban on officials has been invoked only occasionally.

The East Germans may have been encouraged when the West failed to take strong countermeasures against the earlier bans. The extent to which they implement the new regulations may be related to the intensity of Western reaction.

A high-level East German party delegation that visited Moscow late last month probably won Soviet support for the visa requirement which would involve only West Germans and not Allied access to Berlin.

The West Berlin Senat's program to beef up the long term economic viability of the city would be hurt by the new requirements, which probably will frighten investors away. West Berliners have become inured to threats from the East, however, and their morale probably will remain basically strong, even though Allied prestige may suffer.

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Communist China - Albania: The Chinese have given Albania some of their most modern torpedo boats.

Three Hu-chwan hydrofoil torpedo boats, designed and produced by the Chinese, recently were photographed at Durres, one of Albania's principal naval bases. Additional units reportedly will be delivered at a later date.

These boats are superior in performance to other torpedo boats in the Albanian Navy. They operate at high speeds even in rough waters, and will be useful to Tirana for protecting its coastline. The Hu-chwan has a range of about 500 miles, and is armed with two 21-inch torpedo tubes and two machine guns. The only other country to have received the Hu-chwan is North Vietnam.

These torpedo boats will help allay Albania's anxiety over growing Yugoslav sea power in the Adriatic, and reduce Albanian dissatisfaction with Chinese aid.

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Uruguay: Communist labor support for student agitation may lead to increased violence.

The Communist-led National Labor Convention and a Communist-oriented student organization will hold a protest rally today against alleged police brutality.

On 6 June Montevideo police wounded four students and arrested several others during demonstrations for more radical government measures to deal with Uruguay's economic crisis. Since 6 June, high school and university students have clashed repeatedly with the police and nearly 30 policemen have been injured. The rioters have caused widespread property damage and have occupied several high schools.

Violence also reached major proportions on May Day in Montevideo.

In spite of increasing unrest, neither President Pacheco nor the minister of interior, who is responsible for police activities, has authorized emergency security measures. President Pacheco, however, told US officials on 11 June that if agitation continues he might impose a limited state of siege.

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Venezuela: The emergence of a new electoral alliance adds a new variable which may affect the outcome of the presidential election in December.

Leaders of the Republican Democratic Union, the Popular Democratic Force, and the Democratic National Front have, after a month of hard bargaining, agreed to support the presidential candidacy of Miguel Angel Burelli Rivas, a political independent.

Burelli has extensive diplomatic and academic experience. He is young--age 46--and articulate. He has close ties with the church. Although relatively unknown as a public figure, he nevertheless promises to be an attractive candidate. The other major candidates are Rafael Caldera, Luis Beltran Prieto, and Gonzalo Barrios.

The formation of the alliance deprives Prieto of hoped-for Republican Democratic Union support which could have given added strength to his candidacy and possibly have ensured his victory. Also affected is Caldera, whose Social Christian Party is being denied important financial and political support.

The new alliance may receive a boost within the next few days when an informal association of financial leaders is expected to commit itself to Burelli. If the new group is able to hold together until the election, its candidate could be a serious competitor for the presidency.

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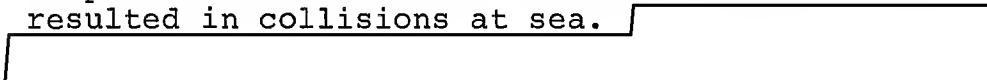
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USSR: Soviet reaction to recent operations of US naval units in the Black Sea and the Sea of Japan was not as strong as in past years. Two US destroyers operating for three days in the Black Sea were under nearly continuous surveillance by Soviet aircraft and ships but were not harassed. In the Sea of Japan, the carrier Bennington, engaging in a joint US-Japanese antisubmarine exercise, was treated in a similar fashion.

Moscow traditionally has been sensitive to the operations of US ships off the coast of the USSR. It has protested alleged violations of rules of the road and pressed Turkey to deny entry of some US ships into the Black Sea. Soviet harassment has resulted in collisions at sea.

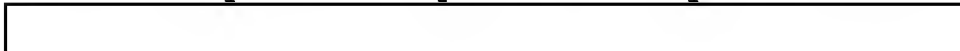
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Sudan: Prime Minister Mohammad Mahjoub following his recent serious illness is reportedly considering retiring from political life. The ensuing government may be headed by the erratic and radical Deputy Prime Minister Sheikh Ali Abd-al Rahman, who has Egyptian backing but enjoys little political support of his own. Continued political instability can be expected and may even worsen.

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Singapore-USSR: The two nations have agreed to establish diplomatic relations as of 1 June.

Moscow has been pressing Singapore to take this step for some time. The formalities are expected to be drawn out, however, and the opening of a Soviet Embassy does not appear imminent. Malaysia's establishment of relations with the USSR last month apparently speeded Singapore's decision.

The only Communist country having an embassy in Singapore now is Bulgaria, but Singapore has agreed in principle to diplomatic relations with Rumania and Yugoslavia. The Soviet Union, Poland, Rumania, Bulgaria, Hungary, and North Korea have trade missions there. Singapore's extensive trade with Communist China is handled primarily through the Bank of China.

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West Germany - Yugoslavia: Foreign Minister Brandt's visit to Belgrade on 12-14 June is intended to follow up the resumption of diplomatic relations in January. The West Germans, however, appear undecided on how forthcoming they should be with Yugoslavia. Brandt may well have little to offer on such bilateral problems as war reparations, the improvement of conditions for Yugoslav workers in Germany, and the Yugoslav trade imbalance. In lieu of substantive negotiations, Brandt has indicated, however, that he will seek a dialogue on such topics as German reunification, Bonn's eastern policy, and agreement on the renunciation of force.

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South Korea: Following the recent resignation of governing party boss Kim Chong-pil, speculation is growing that President Pak Chong-hui will make other high-level changes, including the replacement of Prime Minister Chong Il-kwon. Kim and Chong are the only persons associated with the regime who are generally regarded to be of sufficient stature to succeed Pak in 1971. Both former home minister Om Min-yong, a confidant of the President, and onetime army chief of staff Paek Song-yop, whose military and diplomatic career closely paralleled Chong's, are being mentioned as likely candidates for prime minister.

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